

Companies

Turning profitable more valuable to us than unicorn valuation: Zetwerk CEO

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Zetwerk's CEO and co-founder Amrit Acharya

A lot of companies are reaching out to Zetwerk to explore the Indian market, says Amrit Acharya

Zetwerk's CEO and co-founder Amrit Acharya places more value on the three-year-old company turning profitable in 2021 than the latest \$1.3-billion valuation. The digital manufacturing start-up reported turning EBITDA positive in July 2021, which was closely followed by the company's \$150 million Series E funding led by D1 Capital Partners.

“While we're able to grow the business, it's not flaky growth. We're trying to build an institution that will outlive us hopefully, and building sustainability into that growth is more important than company valuation. As a culture, we have been very frugal and disciplined about building high-quality growth. And we hope to continue doing that for the next years to come,” Acharya told

BusinessLine.

On average it has taken about seven years for Indian start-ups to reach unicorn valuation, which makes Zetwerk one of the fastest companies to become a unicorn. Acharya attributes this growth to the high demand for digital manufacturing solutions after the Covid pandemic, coupled with the fact that not many companies are operating in this space.

Zetwerk concludes \$8.3 million share buyback

“What we realised was that the market is constrained by supply. There is not enough supply for all the products that are needed. But nobody is doing this and hence, we have been pretty much having a clean shot at the market for about three years now,” he added.

Target areas

Last year, Zetwerk started working internationally in a big way. According to Acharya, a lot of companies have been reaching out to Zetwerk to explore the Indian market. These are companies who wanted to follow China plus one strategy because of tariffs, lockdown-specific shocks to the supply chain. Today, almost 20 per cent of the company’s revenue comes from the Western markets. There are about 100 such customers working with Zetwerk and are largely US-focused.

With the recent fund raise, Zetwerk will be investing more in the international business along with consumer products manufacturing; 15 per cent of the company’s revenue comes from consumer products manufacturing which was started just last year. Further, the company will keep on reinvesting in research and development. In Acharya’s words, “great software takes a decade to build and so we constantly invest back into that.”

Zetwerk essentially serves manufacturing demand, connecting it with manufacturing supply and process. The custom manufacturing platform helps customers convert their digital designs into physical products.

Logistics in the post-Covid world set to explode

The company offers customers access to a range of manufacturing capabilities, including metal fabrication, CNC machining, plastic injection moulding, 3D printing and aluminium die castings. These capabilities serve a diverse set of industries ranging from traditional ones such as oil & gas, energy, infrastructure, aerospace and apparel to modern ones such as renewables, electric vehicles, consumer electronics, and space.

Further, Zetwerk's in-house manufacturing operating system software, ZISO, enables digital selection of supply, pricing recommendations, digital repository of engineering designs, real-time tracking of manufacturing across various stages, visual updates of products getting made, seamless communication across stakeholders and quality assurance of the final product getting shipped, according to the company.

Industry-specific nuance

The core of Zetwerk's three-year journey lies in the process of converting age-old experiential knowledge of people into a digital, software-led approach. As the company enters new categories, such as aerospace or consumer electronics, it applies industry-specific nuances to it, gleaned from people who have been doing it for decades.

“When we get an aircraft engine component as a requirement from a customer, we know exactly that there are 10 steps involved in converting the design on a piece of paper to a physical form. And for each of those steps, we can predict how much time it takes because historically step one has taken three days, etc. And then, if things are going on a good track, we have nothing to do but if the things are not going as per track, then we can step in,” said Acharya.

Zetwerk currently serves more than 600 customers from around the globe and has built a supply chain of more than 4,000 suppliers in regions such as North America, Indo-Pacific, and the Middle East. It has delivered more than 1,000 projects so far and claims to have an equal number of projects under execution currently. During 2020-21, Zetwerk’s revenue grew to ₹949 crore from ₹360 crore in 2019-20. Zetwerk’s list of investors include D1 Capital Partners, Sequoia Capital, Accel Partners, Greenoaks, Lightspeed Partners, and Kae Capital.